

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

261 East 78 Lofts LLC,

Case No. 16-11644 (SHL)

Debtor.
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**APPLICATION IN SUPPORT OF RETENTION OF
GOLDBERG WEPRIN FINKEL GOLDSTEIN LLP AS BANKRUPTCY COUNSEL**

**TO THE HONORABLE SEAN H. LANE,
UNITED STATES BANKRUPTCY JUDGE:**

The Application of 261 East 78 Lofts LLC (the “Debtor”) in support of the proposed retention of Goldberg Weprin Finkel Goldstein LLP (“GWFG”), represents as follows:

1. The Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on June 3, 2016 and thereafter has continued to operate as a debtor-in-possession pursuant to 11 U.S.C. §§1107 and 1108.
2. The Debtor owns a six-story medical office building in Manhattan at 261 East 78th Street, New York, New York (the “Property”).
3. The Property was subject to a prior Chapter 11 bankruptcy case before the Hon. Robert Gerber (261 East 78 Realty Corporation, Case No. 11-15624), which emerged from bankruptcy based upon exit financing arranged by Chaim Miller (“Miller”) and Sam Sprei (“Sprei”) through Madison Realty Capital. Unfortunately, as with other matters involving Miller and Sprei, the Madison Realty Capital financing became subject to defaults and foreclosure litigation.
4. The Debtor also learned that at the closing in the prior Chapter 11 case, Sprei split off one of the prior mortgages and instead of satisfying it, first assigned it to one of his

companies (261 C Note Buyer LLC), and then re-assigned it to one of his business associates, Joseph Zelik ("Zelik"). It was also discovered that Miller transferred a portion of his membership interest in 261 Lofts Manager LLC to Chung Peter Dong ("Dong") for \$1 million. Both of these transactions were in violation of the Debtor's operating agreement, and without the consent of the Debtor's equity member, Lee Moncho, leading to additional state court litigation.

5. In view of the pending litigation, the Chapter 11 petition was filed to protect the Property in the hope of selling the Property and all related air rights.

6. In connection with the Chapter 11 case, the Debtor desires to employ and retain Goldberg Weprin Finkel Goldstein LLP, as its attorneys to represent it pursuant to section 327(a) of the Bankruptcy Code. The Debtor believes that Goldberg Weprin Finkel Goldstein LLP is well versed in bankruptcy matters and duly qualified to represent the Debtor herein.

7. The services to be rendered by GWFG include the following:

- a. To provide the Debtor with all necessary legal services in connection with the bankruptcy case, as well as the Debtor's responsibilities and duties as a debtor-in-possession.
- b. To represent the Debtor in all proceedings before the Bankruptcy Court, State Court and/or United States Trustee.
- c. To draft, prepare and file all necessary legal papers, applications, motions, adversary proceedings, objections, reports and plan related documents on the Debtor's behalf.
- d. To represent the Debtor with respect to the intended sale of the Property, including the retention of a real estate broker, the negotiation and preparation of a sale contract, and the approval of the sale by the Bankruptcy Court.
- e. To represent the Debtor in connection with potential litigation with Miller, Sprei, Zelik, Dong and Madison Realty Capital.

8. The Debtor submits that the proposed retention of GWFG as bankruptcy counsel is in the best interests of the Debtor's estate and should be approved.

WHEREFORE, the Debtor requests entry of the pre-fixed order authorizing the retention of Goldberg Weprin Finkel Goldstein LLP as bankruptcy counsel, together with such other and further relief as the Court deems just and proper.

Dated: New York, New York
October 20, 2016

261 EAST 78 LOFTS LLC

By: /s/ Lee Moncho
Name: Lee Moncho
Title: Managing Member